

Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-11 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

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USADB

PASS TREASURY FOR BUSHNELL/ZINMAN

E.O. 11652: ADS, DECLAS 12/31/76

TAGS: EAID, EFIN

SUBJECT: ADB RENTAL SUBSIDY SCHEME

REF: (A) TREASURY 75-167, (B) TREASURY 75-152,

(C) 75 MANILA 13481, (D) 75 MANILA 13260

1. ON SEPT. 18, 1975 ADB BOARD OF DIRECTORS APPROVED
RENTAL SUBSIDY SCHEME FOR PROFESSIONAL STAFF FOR PERIOD
OF ONE YEAR FROM OCT. 1, 1975 (PER REF. D). AT THAT
MEETING, PRESIDENT INOUE STATED THAT COMMITTEE ON REMUNERA-
TION OF DIRECTORS AND ALTERNATES WOULD BE INFORMED
OF INTRODUCTION OF RENTAL SUBSIDY SCHEME FOR PROFESSIONAL
STAFF AND COMMITTEE WOULD BE INVITED TO EXAMINE POSSIBLE
APPLICATION OF SCHEME TO MEMBERS OF BOARD.

2. IN OCTOBER 1975, CHAIRMAN OF BOARD OF GOVERNORS, ON
RECOMMENDATION OF PRESIDENT, APPOINTED COMMITTEE PURSUANT
TO SECTION C OF BOARD OF GOVERNORS RESOLUTION NO. 66
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NOW SUBMITTED REPORT WITH TEXT OF DRAFT RESOLUTION FOR

CONSIDERATION BY BOARD OF GOVERNORS. ADB DOC. EX/SEC.M1-76
(POUCHED FEBRUARY 24) CONTAINS REPORT OF COMMITTEE ON
REMUNERATION WITH RECOMMENDATION TO BOARD OF GOVERNORS.
BOARD OF DIRECTORS WILL MEET IN EXECUTIVE SESSION
ON FEB. 26 TO CONSIDER APPROVING ADOPTION OF PROCEDURE
UNDER SECTION 3 OF BY-LAWS OF BANK FOR VOTING BY BOARD
OF GOVERNORS WITHOUT A MEETING ON PROPOSED RESOLUTION
SUBMITTED BY COMMITTEE WITH ITS REPORT.

3. COMMITTEE'S REPORT NOTES THAT WHEN IT UNDERTOOK REVIEW
OF REMUNERATION OF DIRECTORS AND ALTERNATES IN APRIL
1975, IT HAD GIVEN SERIOUS CONSIDERATION TO RECOMMENDING
A RENTAL SCHEME BROADLY ON LINES OF SCHEME RECENTLY
INTRODUCED FOR STAFF. COMMITTEE WAS ADVISED THAT
SUCH RECOMMENDATION WOULD REQUIRE AMENDMENT OF SECTION
7(B)(B) OF BY-LAWS, WHICH SPECIFICALLY PRECLUDES
PAYMENT OF HOUSING ALLOWANCES TO DIRECTORS/ALTERNATES.
AT THAT TIME, COMMITTEE CONCLUDED THAT AMENDMENT OF
BY-LAWS WOULD HAVE BEEN INAPPROPRIATE IN ABSENCE OF
SOME FORM OF RENTAL ASSISTANCE FOR STAFF. HOWEVER,
REPORT NOTES THAT COMMITTEE'S RECOMMENDATION OF \$4,000
PER ANNUM SALARY INCREASE (WHICH TOOK EFFECT FROM JUNE 1,
1975) GAVE SUBSTANTIAL RECOGNITION TO SERIOUSNESS OF
HOUSING AND RENTAL SITUATION.

4. REPORT ASSERTS THAT GRANT OF INTERIM SALARY ADJUST-
MENTS OR SPECIAL ALLOWANCES HAVE BEEN MADE TO EXECUTIVE
DIRECTORS/ALTERNATES OF QUOTE OTHER COMPARABLE INTER-
NATIONAL INSTITUTIONS UNQUOTE SO THAT REMUNERATION
OF ADB DIRECTORS/ALTERNATES NOW LAGS TOO FAR BEHIND
REMUNERATION (INCLUDING SPECIAL ALLOWANCES) OF THEIR
COUNTERPARTS IN THESE COMPARABLE INSTITUTIONS.
COMMITTEE CONCLUDED THAT INCREASE IN REMUNERATION OF
DIRECTORS/ALTERNATES ON COST OF LIVING OR OTHER RELEVANT
CONSIDERATIONS WOULD BE JUSTIFIED.

5. RECOGNIZING THAT LAST YEAR'S SALARY INCREASE FOR
DIRECTORS/ALTERNATES HAD BEEN GRANTED ON HOUSING CON-
SIDERATIONS, COMMITTEE NOW PROPOSES TO REGARD THAT
EARLIER \$4,000 PER ANNUM INCREASE AS INCREASE IN SALARY
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ON OTHER-TAN-HOUSING FACTORS, AND THAT NO FURTHER
INCREASE IN SALARY WOULD BE NECESSARY FOR PERIOD UNDER
REVIEW (I.E., JANUARY 1974-OCTOBER 1975). COMMITTEE
THEREFORE RECOMMENDS THAT STAFF RENTAL SUBSIDY SCHEME
BE APPLIED TO DIRECTORS/ALTERNATES TO TAKE CARE OF
REQUIREMENT OF SPECIAL HOUSING AND RENTAL SITUATION THAT
HAD DEVELOPED OVER PERIOD REVIEWED.

6. BEFORE PROPOSAL CAN BE SUBMITTED TO GOVERNORS FOR
CONSIDERATION, QUESTION OF AMENDMENT OF SECTION 7(B)(B)
OF BY-LAWS NEEDS TO BE ADDRESSED. SECTION AUTHORIZES
DIRECTORS/ALTERNATES TO PARTICIPATE IN QUOTE SUCH
INSURANCE, MEDICAL, PENSION, RETIREMENT AND OTHER PLANS
AS MAY BE ESTABLISHED FOR THE STAFF OF THE BANK
UNQUOTE. IN COMMITTEE'S VIEW, SINCE THIS PROVISION
HAS CONSISTENTLY BEEN APPLIED IN PAST TO ALLOW
DIRECTORS/ALTERNATES TO RECEIVE BENEFITS AND ALLOWANCES
COMPARABLE TO THOSE OF STAFF MEMBERS UNDER SCHEMES
ESTABLISHED BY BANK, APPLICATION TO THEM OF STAFF
RENTAL SUBSIDY SCHEME WOULD NOW SEEM PERMISSIBLE. TO
REMOVE OBSTACLE TO SUCH ACTION, COMMITTEE RECOMMENDS
THAT BOARD OF GOVERNORS ADOPT RESOLUTION THAT WOULD
DELETE WORD QUOTE HOUSING UNQUOTE FROM FIRST SENTENCE
OF PARA. (B) OF SECTION 7, SUB-SECTION (B) OF BY-LAWS.

7. COMMITTEE HAS REQUESTED SECRETARY OF BANK TO ARRANGE
FOR TRANSMITTAL OF REPORT AND RECOMMENDATION TO BOARD
OF GOVERNORS IN ACCORDANCE WITH RESOLUTION NO. 66.
AT FEBRUARY 26 MEETING OF BOARD OF DIRECTORS, U.S.
ALTERNATE DIRECTOR PLANS TO INDICATE THAT HIS APPROVAL
OF ADOPTION OF PROCEDURE UNDER SECTION 3 OF BY-LAWS
OF BANK FOR VOTING BY BOARD OF GOVERNORS ON PROPOSED
RESOLUTION WITHOUT A MEETING SHOULD IN NO WAY BE
INTERPRETED AS SUPPORT FOR SUBJECT MATTER OF
COMMITTEE'S REPORT. IF BOARD OF DIRECTORS CONCURS
IN PROPOSED PROCEDURE, GOVERNORS' VOTES WILL
BE REQUESTED BY CABLE ON OR BEFORE MIDNIGHT (MANILA
TIME) OF MONDAY, MARCH 29.

8. FYI: BANK MANAGEMENT HAS ADVISED BOARD OF
DIRECTORS OF RECENT APPOINTMENT OF HOUSING ASSISTANT
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IN PERSONNEL DIVISION OF ADMINISTRATION DEPARTMENT.
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